Effect of Customer Relationship Management (CRM) on the Performance of SMES on Hospitality Industry in Cross River State.

Josiah, Ufot Josiah
Department of Marketing
University of Calabar

Nkamare, Stephen Ekpo
Department of Banking and Finance
University of Calabar
nkamares001@gmail.com

Abstract
The study examined the effect of customer Relationship management (CRM) on the performance of SMES on hospitality industry in Cross River State. The problem here is that they fail to understand that customers value, care and concern is far above product quality. Various customer relationship management have been employed by most hotel management in Calabar because of the dynamic and competitive business environment in the state. Hence the statement of the problem is: how does customer management relationship impact on marketing performance of SMES in Calabar. The specific objectives were to; examine the effect of enquiry management on the performance of SMEs in hospitality industry in Cross River State and to ascertain the effect of customer management activities on the performance of SMEs in hospitality industry in Cross River State Two research questions and hypotheses were stated. The study adopted survey research design and the sample size was 109. Primary data were obtained by a 5-likert scale questionnaire administered to the respondents. Simple regression analysis was used to test the stated hypotheses. The findings were that enquiry management had a significant relationship with performance of SMEs. And Customer management had a significant relationship with performance of SMEs. The study recommended that management should strategize on how to satisfy the needs of customers. In addition, management should employ sustainable strategy and practice to improve their market performance

Keywords; Customer relationship management, SMES, enquiry management, consumer target

INTRODUCTION

The concentration of implementing customer's relationship management ultimately results in market performance of sales and the profitability of the entire organization. It is obvious that customer relationship management is an effective strategy that when effectively implored leads to massive implement in the performance of organization. Customer relationship management uses the advancement in modern technology to enhance customer interaction to address and provide appropriate marketing offers which are specifically designed to promote, nurture and sustain ongoing relationship between the organization and the target markets and individual customers (Yadau, 2013).

Akwarush (2011) state that customer relation management recently adopts advances in database management and customer relationship communication to develop dialogues tailored to nurture one-to-one relationships with particular customers, to claim a greater share of an individual customers purchases. Customer relationship management uses technology to

enhanced customer interactions to shape appropriate marketing offers designed to nurture ongoing relationship with individual customers within an organization target market. Hence customer relationship management is used to maintain individual customer. It is used to strongly attach or hook a customer (Macdonald, 2000).This development strongly encourage repeat purchase, customer loyalty and customer retention. This is strongly anchored on the basis that customer relationship not only build higher degree of satisfaction but most importantly sustain this level of customer satisfaction. Customer satisfaction is the core of marketing activities, hence customer satisfaction will greatly affect the sale performance, profit level and the general acceptability of the organization and its products (Dibb, Sinkin, Pride & Farrel 2006).The goal of an organization is to satisfy the needs of customers this will lead to patronage of the organizations products. This indicates that without customers, business activities will be a failure, so organization patronage tries their best as much as possible to retain their customers and even attract more. (Botton, 2018). Because of the tourism potentials of the state, the hospitality industry operates in a business environment that is characterized by aggressive competition. More so, the occupancy rates of Small medium enterprises in Calabar have fluctuated because industries spend more funds in terms of government levy. This indicates that SMEs performance needs improvement. Hotel management at times are faced with the problems of effectively targeting customers, developing strategy to achieve targeted goals by segmentation of their markets based on customers profile and other variables. The hospitality industry often concentrates on the improvement of their product or services while they ignore their customer care and relationship. As a result, many of their customers shift their patronage to their competitors who can serve them better. (Bull, 2013) The problem here is that they fail to understand that customers value, care and concern is far above product quality. Various customer relationship management have been employed by most hotel management in Calabar because of the dynamic and competitive business environment in the state. Customer relationship management was not only associated with technology. It was combination of human, technology and process at the same time organizations thank that the customer relationship management was only sale force or technological driven software leads fall to implement customer relationship management, because they were not fully understand customer relationship management. The problem of this study is to find out the relation between customer relationship management capabilities and business performance.

THEORETICAL FRAMEWORK AND LITERATURE REVIEW
Theoretical framework
This study is anchored on commitment-Trust theory of relationship

The commitment-Trust theory of relationship
This theory was postulated by Stan Mack in 1942. The commitment-trust theory of relationship says that two fundamental factors, trust and commitment must exist for a relationship to be successful. Relationship marketing involves forming bonds with customers by meeting their needs and honoring commitments. Rather than chasing short-term profit, businesses following the principles of relationship marketing forge long-lasting bonds with their customer. This theory involves a long term desire to maintain a valued partnership, according to the propounder. That desire causes the business to continually invest in developing and maintaining relationship with its customers. The results of a relationship based on commitment and trust are cooperative behaviors that allow both parties to fulfill their needs. Customers not only get the product or services they're paying for, but they also feel valued. This theory posit that the business might refund the customer or offer a discount on her next purchases. The business could incorporate the feedback to ensure that other customers don't have the same bad experience. In other words, through a series of relationship –building

activities, the business shows its commitment to the customer. This theory is relevance in the study, according to the propounder, commitment must exist for a relationship to be successful. As a result, customers trust these businesses and the mutual loyalty helps both parties fulfill their needs (Bergeron, 2001).

Literature Review

Customer relationship management was the chain process to identify, create knowledge, build relationship and shape customer perceptions of the firm and its products solution. Customer relationship management as a comprehensive strategy and process of acquiring, training and partnering with selective customers to create Supervisor for the company and the customer Capabilities were the competencies of the organization. Customer Relationship Management capabilities based on technology and knowledge. (Chaming, 2000).Customer interaction management, customer relationship upgrading and customer with back capability were the components of customer relationship management capability (Day, 2013). Customer relationship management capability was consists of four phrases. First, customer interaction management capability (CMC), second, customer relationship upgrading capability, customer win-back. Capability and customer knowledge management capability (Change, 2007) Customer interaction management customer relationship upgrading capabilities usually had the superior financial performance. Capabilities were the competencies of the organization. Customer Relationship Management capabilities were based on technology and knowledge. Customer interaction management, customer relationship upgrading and customer win back capability were the components of customer relationship management capability (Connor & Murphy, 2013). Customer relationship management capability was consists of four phases: customer interaction management capability, customer relationship upgrading capability, customer win-back capability and customer knowledge management capability (Fletcher & Wright, 2011).

Organizational capabilities were process, structural and employee abilities to build strategies for organizational performance. Also organizations respond to the external changes. Competition was a big external change which can be handle through the organizational capabilities (Diana & Geoff, 2003).Upgrading capability customer relationship upgrading capability can be measured through up selling and cross-selling of the products when the relationship with customer was upgraded then customer was frequently visit to the organization. It was enhance organizational capacity of selling more and different products to the customer (up-selling and cross-selling). The objective of customer relationship upgrading capability was to satisfaction, retention, commitment and loyalty of the customer for cross-selling and long term purchasing yield. Different techniques were used for customer relationship upgrading, cross-buying analysis was a technique which was helpful to understand the products which was bought together. Cross tabulation form was designed to know about cross-buying of different products to understand the customer needs and customer retention. Cross-tabulation was useful when a company discount on a product, they know the customer need and offer less discount on the most liked and important product by customer. (Martins, 2010)

Business performance was a complex and complicated concept (Emperger, 2004). Business performance can assess through all the efforts were putting together to achieve the business goals. Different dimensions can measure business performances, market growth was the one of them. It was market share of the organization as compared to competitors. And the other dimension was profitability. It was shown that organizational financial condition is compared to competitors

Business performance was a vital issue in this competitive environment immeasurable factors cannot be controlled and uncontrolled factors cannot be measured. So, criteria to measure the

business performance was required to evaluate the business goals. Business performance can measure through qualitative or quantitative criteria. Customer relationship management capabilities play an important role in enhancing organizational performance and competition advantage organization possess the capabilities of customer interaction. Management and customer relationship upgrading usually had the superior financial performance, So, customer relationship management capabilities and business performance had the positive relationship with each other(King & Burgess,2007) If customer relationship management capabilities enhanced, then business performance automatically increased. Outstanding customer relationship management capabilities leads to customer loyalty and superior competition advantage customer relationship management capabilities capture customer pertaining needs at accurate time (SIT), successful implementation of customer relationship management was increase to business profit up to 270 percent. Yadau (2013) explored the foundations of CRM by examining the literature on relationship of marketing and other disciplines that contribute to the CRM. They discussed its recent prominence being facilitated by uniting numerous and other paradigms of marketing and by corporate initiatives in African Journal of marketing management. CRM has the potentials to emerge as the predominant perspectives of marketing and it should not be taken as just IT solution. Picolo (2013) conclude that CRM is to maintain and gain customers. It is very important that anticipated regret of customers must be taken into consideration and a forward looking model for customer retention that incorporates both expected future use and anticipated regret on consumers' decisions should be built. He concluded that the three components of service quality, continuance and normative on banks are equally important to maintain relationship with the customers. The study further enumerates that both affective and continuance commitment lead to service quality in bank branches, while only the affective commitment has a significant relationship with service quality in all centers. Picolo (2013) stated that CRM has its origin in the basic paradigm of marketing i.e. to satisfy customers with the best possible in the market through a relational exchange process. This is possible through the integration of four important components i.e. people, process, technology and data. Piccolo (2013) conducted a descriptive survey in order to study about how customer relationship management can increase customer satisfaction. The study was conducted on agriculture banks in Asian Journal of Management sciences and Education. As per the result it was concluded that customer relationship management has a positive relationship with the customer satisfaction. Wester (2012) gave their study which explored and analyzed the strategic implementation of CRM in selected banks of Pakistan, identify the benefits, the problems, as well as the success and failure factor and develop a better understanding of CRM impact on banking competitiveness. As a result it was found that all the banks have implemented CRM but it is Citibank which is more customer centric as compared to other banks in the same year.

RESEARCH METHODOLOGY
The study adopted survey design in the collection of data needed for the research work. It is one of the most widely used methods in gathering primary data because of its flexible nature. It generally involves the use of structured questionnaire that can be administered either by mail, telephone or personal interview. This research on the effect of consumer relation management on the performance of SMES of hospitality industry in Calabar. Cross River State was selected for this study because of its tourism potentials. The study population consist of all the SMES in Calabar that are duly registered with Corporate Affairs Commission. The population was designed to obtain adequate and diverse views pertaining to the effect of consumer relationship management and performance of SMES in Calabar. Since the population is unknown, the study will adopt Topman formula to determine the population of the study. The formular stated thus $n = Z^2(pq)/e^2$

where

n	=	Sample size	
p	=	Probability of success	
q	=	Probability of failure	
e	=	Tolerable error	
Z	=	Confidence level	

where

Z	=	95%	=	1.96
p	=	80%	=	0.8
q	=	20%	=	0.2
e	=	5%	=	0.05

Based on the formula, the determined population is stated thus:

$1.96^2(0.8*0.2)/0.05^2 = 0.614656/0.0025$

=245

Primary data were gotten from answers provided by the respondents that formed the sample for the study. Copies of the questionnaire were self-administered to them and collected for analysis. The primary source includes face-to-face interview and discussion with mangers of the selected SMES. Secondary sources are basically published and unpublished already existing data and information that collected or obtained during this study. The secondary record of the SMES sample, their unpublished annual, report as well as journal, reports, research publication gathered from the interne. The data collection instrument was the Customer Relations management and Performance of SMEs (CRMPSMES) questionnaire .This questionnaire was made up of questions with closed-ended structured statements based on the likert scale ranging from: Strongly Agree (5), Agree (4), Undecided (3), Disagree (2), Strongly Disagree (1), which asked customers to indicate a degree of agreement or disagreement with each of the object as seen in the questionnaire. This questionnaire designed using the five point likert scale is the instrument used for measuring the independent variables and the dependent variable. The study adopted multiple linear regression for analysis and interpretation of data. The multiple linear regression is adopted because it helps to determine the relationships between the cause and effect variables

The linear regression model is given as

$Y = a+bx$

Where $Y = f(x)$.

Y = dependent variable

a = constant

b = Intercept

x = Independent variables

   $(a, b_1, b_2, b_3 = 0)$

Test of hypotheses
Hypothesis one

H_O: Equiry management does not have significant relationship with performance of SMEs

Independent variable: Equiry management

Dependent variable: Performance of SMEs

Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.929, which implies that 92.9 percent of the response variation in the dependent variable (Performance) was explained or caused by the explanatory variable (equiry management); while 8 percent was unexplained. Thus, remaining 8 percent unexplained response could be caused by other factors or variables outside the mode. Also, the value of R-square was high enough to indicate a good relationship

between the dependent (performance) and independent variable (enquiry management). The Durbin Watson value was 0.197 which implies that the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 4578.83 far greater than the tabulated value of f-statistic of 3.84 at $df_1 = 1$ and $df_2 = 195$. Also, as confirmation, the calculated t-statistics of 67.667 was greater than the critical value of 1.64. It was then concluded that enquiry management has a significant relationship with performance of SMEs

TABLE 1
Least square regression result of enquiry management and performance of SMEs

Dependent variable – performance of SMEs

Variable	B	Standard error	B	T	Sig
Constant	.420	.050		8.440	.009
Enquiry management	.893	.013	.964	67.667	.000

R	R^2	Adj. R^2	Std. error	DW	Cal. F*	Cri. F*	df_1	df_2	Sig.
.964	.929	.929	.323	.197	4578.83	3.84	1	196	P<0,05

Source: SPSS output.

Hypothesis two
H_O: Customer management does not have significant relationship with performance of SMEs

.Independent variable: Customer Management
Dependent variable: Performance of SMEs
Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.843, which implies that 84 percent of the response variation in the dependent variable (Performance) was explained or caused by the explanatory variable (Customer management); while 16 percent was unexplained. Thus, remaining 16 percent unexplained response could be caused by other factors or variables outside the mode. The value of R-square was high enough to indicate a good relationship between the dependent (performance) and independent variable (Customer management). The Durbin Watson value was 0.111 which implies that, the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 1871 far greater than the tabulated value of f-statistic of 3.84 at $df_1 = 1$ and $df_2 = 195$. Also, as confirmation, the calculated t-statistics of 43.262 was greater than the critical value of 1.64. With these it is concluded that customer management has a significant relationship with performance of SMEs

TABLE 2
Least square regression result of effect of customer management and performance of SMEs
Dependent variable – Performance

Variable	B	Standard error	B	T	Sig
Constant	.914	.107		-8.538	.000
Customer management	1.121	.026	.918	43.262	.000

R	R^2	Adj. R^2	Std. error	DW	Cal. F*	Cri. F*	df_1	df_2	Sig.
.918	.843	.842	.482	.111	1871.595	3.84	1	196	P<0,05

Source: SPSS output.

Hypothesis three
H_O: Customer upgrading does not have significant effect on performance of SMEs
Independent variable: Customer upgrading
Dependent variable: Performance
Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.848, which implies that 85 percent of the response variation in the dependent variable (performance) was explained or caused by the explanatory variable (Customer upgrading); while 15 percent was unexplained. Thus, remaining 15 percent unexplained response could be caused by other factors or variables outside the model. The value of R-square was high enough to indicate a good relationship between the dependent and independent variable. The Durbin Watson value was 0.196 which implies that, the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 1941.5 far greater than the tabulated value of f-statistic of 3.84 at $df_1 = 1$ and $df_2 = 195$. Also, as confirmation, the calculated t-statistics of 44.06 was greater than the critical value of 1.64. With these, It was then concluded customer upgrading has a significant effect with performance of SMEs

TABLE 3
Least square regression result of Customer upgrading and performance of SMEs
Dependent variable – Performance

Variable	B	Standard error	B	T	Sig
Constant	.558	.073		7.631	.000
Customer upgrading	.937	.021	.921	44.063	.000

R	R^2	Adj. R^2	Std. error	DW	Cal. F*	Cri. F*	df_1	df_2	Sig.
.921	.848	.847	.474	..0196	1941.539	3.84	1	196	P<0,05

Source: SPSS output.

Hypothesis four

H_O: Technology does not have significant relationship with performance of SMEs
Independent variable: Technology
Dependent variable: Performance
Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.858, which implies that 86 percent of the response variation in the dependent variable (Performance) was explained or caused by the explanatory variable (Technology); while 14 percent was unexplained. Thus, remaining 14 percent unexplained response could be caused by other factors or variables outside the model. The value of R-square was high enough to indicate a good relationship between the dependent and independent variable. The Durbin Watson value was 0.112 which implies that, the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 2105.8 far greater than the tabulated value of f-statistic of 3.84 at $df_1 = 1$ and $df_2 = 195$. Also, as confirmation, the calculated t-statistics of 45.890 was greater than the critical value of 1.64. With these, It was then concluded that technology has significant relationship with performance of SMEs

TABLE 4

Least square regression result of Technology and performance of SMEs
Dependent variable – Performance

Variable	B	Standard error	B	T	Sig
Constant	-.405	.090		-4.489	.000
Technology	1.027	.022	.926	45.890	.000

R	R^2	Adj. R^2	Std. error	DW	Cal. F*	Cri. F*	df_1	df_2	Sig.
.926	.858	.857	.458	.112	2105.872	3.84	1	196	P<0,05

Source: SPSS output

Hypothesis five

H_O: Consumer target does not have significant relationship with performance of SMEs
Independent variable: Consumer target
Dependent variable: Performance
Test statistic: Least square regression statistic

The analysis shows coefficient of determination (R-square) of 0.911, which implies that 91 percent of the response variation in the dependent variable (Performance) was explained or caused by the explanatory variable (consumer target); while 9 percent was unexplained. Thus, remaining 9 percent unexplained response could be caused by other factors or variables outside the mode. Also, the value of R-square was high enough to indicate a good relationship between the dependent and independent variable. The Durbin Watson value was 0.1911 which implies that the test fell within the range of autocorrelation 2.879 in conclusive region of D.W partition curve. In testing for statistical significance of the model, the F-statistic was adopted at 5 percent significant level. The computed value of the f-statistic was 411.15 far greater than the tabulated value of f-statistic of 3.84 at $df_1 = 1$ and $df_2 = 195$. Also, as confirmation, the calculated t-statistics of 61.117 was greater than the critical value of 1.64. It was then concluded that consumer target has a significant effect with performance of SME

TABLE 5
Least square regression result of consumer target and performance of SMEs
Dependent variable – Performance

Variable	B	Standard error	B	T	Sig
Constant	.442	.065		8.231	.005
Consumer target	.832	.041	.981	61.117	.003

R	R^2	Adj. R^2	Std. error	DW	Cal. F*	Cri. F*	df_1	df_2	Sig.
.967	.911	.932	.345	0.191	411.15	3.84	1	196	P<0,05

Source: SPSS output.

FINDINGS
The study empirically examined effect of customer relationship management on performance of small and medium scale enterprises in Cross River State. Based on the analysis, the following hypotheses were discovered. The findings is in line with the works of Yadau (2013) who posits that the concentration of implementing customers relationship management ultimately results in market performance of sales and the profitability of the entire organization. He posit that customer management is considered as an essential strategic issues. It improves the performance of small and medium enterprises. Customer upgrading enhances organizational capacity of selling more and different products to the customer. It leads to satisfaction, retention, commitment and loyalty. Furthermore, technologists create relationship with customers, it enable the organization to personalize its service with high quality and low costs. The major findings of this study include;

1. Enquiry management has a significant relationship with performance of SMEs.
2. Customer management has a significant relationship with performance of SMEs.
3. Customer relationship upgrading has a significant relationship with performance of SMEs.
4. Technology has a significant relationship with performance of SMEs.
5. Consumer target has a significant relationship with performance of SMEs.

Conclusion/Recommendations
Consumer relationship management consists of different components. It plays an important role in enhancing organizational performance. Customer relationship management uses the advancement in modern technology to enhance customer interaction to address and provide appropriate marketing offers which are specifically designed to promote, nurture and sustain ongoing relationship between the organization and the target markets. It is used to maintain individual customer. It is concluded that enquiry management activities customer relationship upgrading, technology, consumer target positively affect the performance of SMEs in Cross River State. The following recommendations are proffered

1. Management should strategize on how to satisfy the needs of customers
2. Management should employ sustainable strategy and practice to improve their market performance
3. Good quality products should be consistent in the production process.

REFERENCES
Akwarush, U. (2011). A dynamic model of purchase timing with application to direct marketing, *Journal of American Statistical Association*, 94 (2), 365-74.
Bergeron, V. W. (2001). Strengthening the satisfactory-profit chain. *Journal of Service Research,* 3 (2), 107-120.

Biattberg, G. & Jacquelyn S. T. (2001), *Customer equity: building and managing relationships as -assets*. Boston: Harvard Business School Press.

Bolton. R. N., (2018). A dynamic model of the duration of the customer's relationship with a continuous service provider: The role of satisfaction, *Marketing Science.* 17 (1), 45-65.

Bull, Q. (2013). Customer lifetime value: marketing models and applications, *Journal of Interactive Marketing*, 12(1), 17-30.

Chaming, H. J. (2000). On the profitability of long-life customers in a noncontractual setting: an empirical investigation and implications for marketing, *Journal of Marketing* 6(4), 17-35.

Change, G. S. (2007), The theoretical underpinnings of customer asset management: a framework and propositions for future research, *Journal of the Academy of Marketing Science*, 32 (3), 271-92.

Connor, O. & Murphy, C. (2013). Customer Profitability in a Supply Chain, *Journal of Marketing*, 65(2) 1-16.

Day, G.S. (2013). A two-dimensional concept of brand loyalty 7. *Journal of Advertising Research* 9, 29-35.

Dibb, S., Sinkin, L., Pride, W. M. & Ferrell, D. C.(2006). *Marketing: Concepts and strategies*, New York: South Western Cengage Learning

Diana, L. & Geoff, L. (2003). The loyalty ripple effect: appreciating the full value of customers. *International Journal of Service Industry Management* 10 (3)271-291.

Emperger, D. (2004). The strategic role of salesforce in developing customer satisfaction across the relationship life cycle. *Journal Personal Selling & Sales Management*, 21 (2), 95-108.

Fletcher, N. & Wright, R (2011). Inference from iterative simulation using multiple sequences. *Statistical Science*, 7(3), 457-511.

King, P. & Burgess, Z. (2007). The impact of customer relationship characteristics on profitable lifetime duration, *Journal of Marketing* 67 (1), 77-99.

Macdonald, C.(2000). The Effect of customer relationship management on the performance of organizations. *Journal of marketing,2(1),43-56*

Martins, I. (2010), Seven barriers to customer equity management, *Journal of Service Research*, 5 (1),77-85.

Piccolo, I. (2003), The mismanagement of customer loyalty, *Harvard Business Review*, 80 (7), 86.

Wester, J. (2012). Brand loyalty: the link between attitude and behavior. *Journal of Advertising Research* 36 (6), 22-34.

Yadau, A. R. (2013). Consumer responses to dissatisfaction in loose monopolies. *Journal of Consumer Resend* 12 (4), 57-89.